



SF 495 – Salvage Vehicle Registration Fee (LSB2420SZ)

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Fiscal Note Version – New

Description

Senate File 495 changes the fee for new registration for a vehicle under a salvage vehicle title that is subsequently registered with a regular certificate of title. Such vehicles have been repaired. The fee for new registration for vehicles previously under a salvage title will fall under one of the following two criteria:

- If the applicant for a regular title also owned the salvage title the fee for new registration will be 5.0% of the purchase price of the vehicle.
- If the applicant for a regular title purchased the vehicle from another person that was not registered as a motor vehicle dealer, after repair, the fee for new registration will be 3.25% of the purchase price of the vehicle.

The Bill requires each title to state: “NOTICE: Pursuant to the Iowa Code, underreporting the purchase price of a vehicle may be punishable by a prison sentence, a fine, or both.”

Background

Currently, the fair market value of the vehicle used to determine the fee for new registration is adjusted based on a set of criteria as follows:

- If the owner of the vehicle is a licensed recycler, unless the applicant is licensed as a vehicle dealer, the fee for new registration is based on the fair market value of the vehicle, with deduction allowed for the cost of parts, supplies, and equipment for which sales tax was paid and which were used to rebuild the vehicle.
- If the owner is a person not licensed as a recycler or vehicle dealer, the fee for new registration is based on the fair market value of the vehicle, with deduction allowed for the cost of parts, frames, chassis, auto bodies, or supplies that were purchased to rebuild the vehicle and for which sales tax was paid.

Assumptions

- The number of salvage titles that will be converted to regular titles will be 27,300. Of the total, 3,600 will pay a 5.0% fee for new registration and 23,800 will pay a 3.25% fee for new registration. These numbers match data from the previous 12 months.
- The value of vehicle purchase prices is based on records of new vehicle registrations and salvage titles over the last 12 months.
 - **Current Law:** Values are based on the reported taxable value. This value excludes the cost of repairing the vehicle as set by Iowa Code section [321.105A\(2\)c\)\(17\)](#).
 - **Senate File 495:** This fiscal note assumes the value of vehicle purchases will match current law values. **Senate File 495** does not allow deductions for the value of parts used to repair the vehicle. However, the value of the deductions is not reported and is unknown.
- **Senate File 495** will not impact the number of owners underreporting the purchase price of vehicles.
- Adopting the notice statement on Iowa titles will not require additional expenditure.
- The impact to county General Funds is unknown. Counties receive 4.0% of new registration fees and reduced fee revenue will decrease revenue for counties where the vehicle was

titled. However, it is not possible to determine which counties will be impacted by this change.

- Expenses associated with adopting these changes to Department of Transportation (DOT) systems will be funded by existing resources. No additional FTE positions will be required.
- The purchase value of vehicles impacted by this Bill will remain constant, and not be impacted by inflation in the estimated years.

Fiscal Impact

[Senate File 495](#) will reduce revenue to the Road Use Tax Fund (RUTF) by an estimated \$1.3 million beginning in FY 2016 and each year thereafter. The RUTF funds are distributed to the Iowa DOT and county and city road departments for the construction of roads.

Source

Iowa DOT

/s/ Holly M. Lyons

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The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
